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DEPARTMENT OF NATURAL RESOURCES

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M/023/0080

0003

December 17, 2009

Andre Zeitoun
Atlas Mining Company
PO Box 968
Osburn, Idaho 83849

Subject: Third Review of Notice of Intention to Commence Large Mining Operations, Atlas Mining Company, Dragon Mine, M0230080, Juab County, Utah

Dear Mr. Zeitoun:

The Division has completed a review of your Notice of Intention to Commence Large Mining Operations for the Dragon Mine, which was received August 6, 2009. The attached comments will need to be addressed before tentative approval may be granted.

The comments are listed under the applicable Minerals Rule heading; please format your response in a similar fashion. Please address only those items requested in the attached technical review by sending replacement pages of the original mining notice using **redline and strikeout** text. After the notice is determined technically complete and we are prepared to issue final approval, we will ask that you send us two clean copies of the complete and corrected plan. Upon final approval of the permit, we will return one copy stamped "approved" for your records.

The Division will suspend further review of the Notice of Intention until your response to this letter is received. If you have any questions about the review, please contact me at 801-538-5261 or Wayne Western, at 801-538-5263. Thank you for your cooperation in completing this permitting action.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:lah:vs

Attachment: Review

cc: Jerry_Mansfield@blm.gov

Jay Gatten, North American Exploration

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0003

**Third REVIEW OF NOTICE OF INTENTION
TO COMMENCE LARGE MINING OPERATIONS**

**Atlas Mining Company
Dragon Mine
M/023/0080
December 15, 2009**

General Comments:

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
1	General	Submittal should be formatted to easily incorporate additional revisions and amendments.	lah	
2	General	Based on the responses received, the Division may have additional comments not covered in the current review.	lah	
3	General	When addressing this review, please include a cover letter showing page and paragraph where each comment has been addressed.	lah	
	General	The form used for this submittal is a guide developed by the Division to assist operators in preparing large mine notices. Much of the text in the form consists of instructions to the operator and is not needed for the plan. In many cases, it becomes difficult to distinguish between the mine plan and instructions in the form. Please remove those portions that are not part of the mining and reclamation plan.	pbb	
4	Page 1-2	Information about past mining activities is not required, and the Division recommends deleting all but the last paragraph. This section might include more discussion on envisioned future operations.	lah & pbb	

R647-4-105 - Maps, Drawings & Photographs

General Map Comments

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	General	Please include a comment in the text about features that are required for the maps but are not shown because they are not present, such as landing strips, springs, etc.	lah & pbb	

105.1 - Topographic base map, boundaries, pre-act disturbance

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Fig 6 & 7	Add the rest of the haul road used during Phase 1 mining into the permit and include this in surety and acres calculations.	lah & pbb	

105.2 - Surface facilities map

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Fig 10 & 11	All buildings and laydown yard equipment and parts need to be accounted for in the surety calculations. Please include the building northwest of the parts trailer and all the old parts	lah	

105.3 - Drawings or Cross Sections (slopes, roads, pads, etc.)

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
3	Omission	The plan contains contour maps of the current land configuration, but please provide cross sections showing both the pre- and anticipated postmining topography and a contour map showing the area following reclamation. Cross sections should not include vertical exaggeration, and the maximum slope angles should not be greater than those allowed by rule.	lah & pbb	
	Omission	Provide a geologic map.	lah	
	Omission	The text says soil is to be salvaged, but it does not appear that the maps show the stockpile location.	lah & pbb	
	Page 5	On page 5, the text indicates a map showing variance areas is not applicable, but the plan includes a variance request. Please make necessary revisions so the plan is consistent. It appears the variance request would apply to much of the site, though perhaps not all. Please include an explanation in the text and, if necessary, a map showing which areas would be included in the variance request. See further discussion about the variance request under R647-4-112.	lah & pbb	
	Page 6	The plan indicates a map of highwalls steeper than 45 degrees and of other slopes steeper than 3H:1V is not applicable, but please make this commitment in the text.	lah & pbb	
	Figure 6	Include the haul road above the Manhattan portal.	lah	
	Figure 6	Nothing is mentioned in the text about production out of the Manhattan Portal, yet Figure 6 shows in the legend that it is a production area. Please clarify.	lah	

105.4 - Photographs

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Photos	Please refer in the text and Table of Contents to the photographs that were included. The photos are much more useful with a caption and if photo locations are shown on a map, and the pages should be numbered.	lah	

R647-4-106 - Operation Plan

General Operation Comments

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	The plan has very limited information about processing the material, and the maps do not show the locations of processing equipment. Please show what equipment will be used and where it will be located, and please also include a schematic of the processing method. Will any chemicals be used?	lah & pbb	

106.2 - Type of operations conducted, mining method, processing etc.

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Page 6	Address the geotechnical impact of placing the new waste dump on top of the underground workings.	lah	
	Page 7 Paragraphs 1 and 4	These two paragraphs both contain statements about changes that may occur in the future. Please include a commitment to amend the plan prior to making changes. Concerning the decline near the headframe, the Division would prefer the process to be engineered to avoid driving a decline through new dumps. Please show the location on one of the maps as it is unclear if the new decline location will be through the new waste dump.	lah & pbb	
	Page 7 Para 5	Provide drawings and calculations for the proposed storm water runoff and drainage control dam. DOGM would prefer that stone check dams be used instead of straw bales. Show other likely locations of check dams on a map and commit in text to utilize erosion control as needed.	lah	
	Page 7 Para 6	As much as possible, the site needs to be reclaimed concurrently rather than "bonding additional mine areas." This is required by rule.	lah & pbb	

106.3 - Estimated acreages disturbed, reclaimed, annually

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Page 8	Refer to which figure. Verbiage on Page 8 doesn't match phase 1 map (39.9 acres vs. 37.8 acres).	lah	

106.4 - Nature of materials mined, waste and estimated tonnages

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Page 8	Please address this section of the rules. Some aspects of this rule are not applicable, but others are.	lah & pbb	

106.5 - Existing soil types, location, amount

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Page 8	Please show where the soil will be stockpiled.	lah	
	Page 8	The soil in surrounding undisturbed areas is likely to be indicative of the quality of soil under the waste dumps. Please include some basic information about these soils, such as texture, pH, SAR, and depth of the A horizon.	lah & pbb	

106.6 - Plan for protecting & re-depositing soils

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Page 9	Please include a commitment to seed soil stockpiles and provide a seed mix for interim revegetation.	pbb	

106.7 - Existing vegetation - species and amount

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Pages 9 and 14	Please include a description of existing vegetative communities and cover levels, sufficient to establish revegetation success standards in accordance with Rule R647-4-111. The Division recognizes that much of the area is disturbed with limited or no vegetation cover, but the revegetation success standard normally used is that the vegetation achieve 70 percent of the premining vegetative ground cover. Without baseline information, it is impossible to know what this standard is.	pbb	

106.8 - Depth to groundwater, extent of overburden, geology

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 9	The plan says drilling and underground mining have not encountered any aquifers or other water sources. Please state in the text the depth to which drilling and underground mining have been done.	lah	
	Page 11 Para 1	Consider rewording the phrase "not fatal gaps."	lah	
	Page 11 Para 4	Please address the slope failure area in the northeast corner of the pit noted in paragraph 4.	lah	

106.9 - Location & size of ore, waste, tailings, ponds

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 11	As noted in the text "figure 6a." Where is the figure? Is it figure 6?	lah	
	Page 11 para 5	Commit to an area on the map to store topsoil and commit in text to salvage all available topsoil.	lah	
	Page 11 Para 7	As written "water soaks..." and "water dissipates...". More information is needed to address storm water runoff.	lah	

R647-4-107 – Operation Practices

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 12 Para 2	Typo "site seers" (sightseers).	lah	
	General	Operation practices are standards that must be met during operations, and the plan addressing R647-4-106 should be designed to meet these standards. The section of the plan addressing R647-4-106 could include commitments to follow the appropriate operation practices rules, then the entire R647-4-107 section of the plan could be eliminated. If the operation practices section of the plan is kept, any corrections in the operations plan need to be carried over into the operation practices.	lah & pbb	

R647-4-108 - Hole Plugging Requirements

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	13	It is not clear from either page 13 or from the map, which of the drill holes in the past have been plugged within 30 days of drilling as per rule. Commit to plugging as per R647-4-108. Commit to replug any drill holes where the operator mines through the existing surface plug.	lah	

R647-4-109 - Impact Assessment

109.1 - Impacts to surface & groundwater systems

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 15	The Division agrees with the assessment that there is limited overland drainage in the area but does not like the use of straw bales as an alternative sediment control. There currently is not a design for the containment berm proposed or watershed maps showing how stormwater will reach the containment berm or be routed through the property. The Division would like to see a more comprehensive erosion control plan defining other alternative methods of controlling erosion like rock check dams, small sediment traps, and surface roughness. The plan talks of routing upland flow to the east side of the operations via a small berm. Please show this berm on a map.	tm	

109.2 - Impacts to threatened & endangered wildlife/habitat

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 13	According to the Utah Conservation Data Center, there are no threatened or endangered species with habitat in Juab county. The western yellow-billed cuckoo is a candidate species and has the potential for occurring in Juab county, but its habitat is strictly in riparian areas. Please modify the plan accordingly. The plan lists species that may have the potential to occur in Tooele county, but the mine is in Juab county.	pbb	

109.4 - Slope stability, erosion control, air quality, safety

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Omission	On page 11 paragraph 4 a slope stability issue was noted but not addressed in text.	lah	
	Page 15 para 2	Include a place holder in the appendix for the Air Quality permit, and any other permit needed, such as Water Quality, SHPO or anything needed from Juab County. While these approvals are outside the Division's jurisdiction, it is often useful to have the information.	lah	
	Page 15 Para 2	As written "water will be utilized...". Nothing is written about the on site storage of water or where the water source is.	lah	

R647-4-110 - Reclamation Plan

110.1 - Current & post mining land use

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	Note in text the pre- and postmining land uses.	lah	

110.2 - Roads, highwalls, slopes, drainages, pits, etc., reclaimed

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	Commit in text to maximum slope angles, and refer to a reclamation map (Omission). The reclamation map should show contour lines. Use a dashed line where inferred.	lah	

110.3 - Description of facilities to be left

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	Include on the reclamation map those facilities that will be left and those that will be removed.	lah	
	Figure 7	It appears based on the acreage numbers shown in Figure 7 that the new access and haul roads will not be regraded and seeded. Any roads built <i>or used</i> for this operation need to be reclaimed unless there is a specific postmining land use. Please identify on a map those roads that will not be reclaimed and include justification for allowing them to remain.	pbb	

110.4 - Description or treatment/disposition of deleterious or acid forming material

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	Please address this regulation. While it may not be an issue, it needs to be addressed.	lah & pbb	

110.5 - Revegetation planting program

Comm ent #	Sheet/Page/ Map/Table #	Comments	Initials	Review Action
	Omission	Please include a complete revegetation plan, including surface preparation, seed mix, seeding method, timing of seeding, etc.	lah	

Third Review
Page 8 of 8
M/023/0080
December 17, 2009

R647-4-112 - Variance

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 16	<p>The rules contain two revegetation success standards: 1. Achieve 70 percent of the premining vegetative ground cover. 2. Complete revegetation within practical limits. While the plan does not contain baseline vegetation information, it appears from the photos that there is currently very limited vegetation cover. It should be possible to achieve 70 percent of this ground cover, especially once the waste dump material has been removed. Short of this, the Division can make a determination that revegetation has been accomplished within practical limits.</p> <p>For these reasons, the Division does not feel the request for a variance from revegetation requirements is needed, and it should be removed from the plan.</p>	pbb	

R647-4-113 – Surety

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
	Page 16	Please provide surety calculations. The Division requests that they be provided in a format that the Division can provide. Please contact the Division for further information.	lah & pbb	